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IMPACT OF GOOD CORPORATE GOVERNANCE, INTELLECTUAL CAPITAL AND FIRM POLICY ON FIRM PERFORMANCE AND FIRM VALUE OF INDONESIAN COMMERCIAL BANKING (EMPIRICAL STUDY ON INDONESIAN COMMERCIAL BANKS LISTED IN INDONESIAN STOCK EXCHANGE (IDX) ON 2010 – 2015)

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ABSTRACT

The background of this study is regarding of Indonesian commercial banking value. This paper analysis concern on banking firm value related to some strategic operational activities and financial circumstances, such as; Good Corporate Governance, Intellectual Capital, Firm Policy and Firm Performance. Research population is Indonesian commercial banking. Purpose of this paper is to examine banking firm performance and value in period of 2010 to 2015. Sample of research is 24 commercial banks, which are listed in Indonesian Stock Exchange (IDX) by purposive sampling method . The data analysis is using panel data and estimated by SUR (seemingly Unrelated Regression) method. Conclusion of this paper suggested; Good Corporate Governance, Intellectual Capital, Firm Policy and Firm Performance have significant impact on bank firm value.

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INTRODUCTION

Corporate performance is measurable by its activities of which is prooving by the financial performance through achievement in targeted profit. In common sight the achievement is reflected in some financial ratio; such as Return on Assets (ROA), Return on Equity (ROE), Residual Income, Economic Value Added (EVA), etc. In commercial best practice, ROA is popular tools to evaluate corporate operational effectiveness (Ang, 1977).

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The high ROA means corporate performance high also, and this condition is very attractive for investors to joined in. Absolutely, good performance of corporate depends on proper decision in any operation, of which decided by talent manager. Consecutively, firm value will be raised also. So, corporate performance optimalization contribute maximum benefit to shareholders;in terms of maximazing both value and profit. Particularly that circumstances will be accomplished when the firm have Good Corporate Governance (GCG), is the best practice for all investors; since good GCG leads to good return to investors and of course increase firm value (Klapper and Love, 2003; Chanand Li, 2008). In Indonesia banking system which have been taking off from economic recovery, also required GCG; by the mean there was regulated in Surat Edaran Bank Indonesia (Indonesian Central Bank Circular) No 15/15/DPNP, 2013; with refrence of GCG implementation on commercial bank. The circular covers 5 basic principles of organization behavior, namely transparency, accountability, responsibility, independency and fairness. Discernment of GCG also inserted inconsultative paper, Basel III: Global Regulatory Framework for More Resilient Banks and Banking System (2012), of which is expected be a causative factor of global economic crisis in 2008. Corporate Governance (CG) concerns the system by which companiesare directed and controlled. It is about having companies, owners and regulators become more accountable, efficient and transparent, which in turn builds trust and confidence. Well-governed companies carry lower financial and non-financial risks and generate higher shareholder returns. They also have better access to external finance and reduce systemic risks due to corporate crises and financial scandals (www.worldbank.org/en/topic/brief/corporate-governance, Oct, 6, 2016). When GCG is implemented in proper manner, it will directly empower firm operational and control system. On the other hand, GCG is reliable be a good systemto improving firm value. Nevertheless, successfully done of GCG programmed is contributed by human resources as being intangible assets of firm, in term of make a good innovations and be wealth collector (Singh and Vander Zahn, 2008). The understanding of human resources status as being intangible asset of firm, it directly declare existence of Intellectual Capital (IC), who will contribute in good management team in effective decision making. Steward (1977), clarified that IC can be exploited to achieve firm wealthy. Eventually, firm's performance and firm's value are supported by GCG, IC and proper strategy and policy.

This study contributes to the literature on the relationships between GCG, IC and firm policy on firm performance and firm value. Thus, this study adds substance to the existing theory developed by previous authors.

1.1 Literature Review

1.1.1 Good Corporate Governance (GCG)

GCG is an important factor in improving firm performance and firm value. Even though, it has differs impact among differ countries, since disparate governance structures at each countryof dissimilar social, economic, and regulatory conditions (Rouf, 2011). GCG is critical key to achieve good performance and good value of firm (Mansourinia et al., 2013). Previous research of GCG's role and impact on firm performance and firm value had been done by many researchers from several countries, whom is Vo & Nguyen (2014), explained that the firm's independent commissioner has opposite impact to firm's performance and also by statistically; the empirical data of board size has no relationship with firm's performance; Asma'a Al-Amarneh (2014) explained that ownership concentration has positive impact on bank profitability, significantly. Especially foreign ownership brought positive impact on bank's performancein term of operating efficiency. Then, other important finding is size of management boardhas improved bank profitability; Arifin et al., (2012), their research conclude that Corporate Governance has negative impact on bank's performance and bank's value; while intellectual capital has significant impact on firm performance, but not on firm value; Paul (2015), his research claimed that board of commissioner and board of audit committee have significant relationship with micro bank's performance, which shown by Earnings Per Share (EPS) dan Return on Assets (ROA); El-Chaerani (2014), in research found that independent management board has positive impact on bank's performance, then consecutively major internal ownership has positive impact on banking return rate; Johl et al., (2015),paper finding that firm independent commissioner has no impact on firm performance, then commissioner board size has relationship with firm's performance. In this paper GCG indicators instead of number of directors in board (DIREK); number of commissioner in board (KOMIS); percentage of independence commissioner of total board members (RKOMIN); number of audit committee members (AUDIT); firm ownership by management (KAMAN); firm ownership by institution (KINS).

1.1.2 Intellectual Capital (IC)

Company's performances, which are based on economic knowledge is driven by intellectual capital (Gan&Saleh, 2008). Even though intellectual capital is difficult to quantified, but it could be reflected by company's productivity, efficiency, and profitability. So measurement of company performance is no longer depends on production of material goods and sales margin, but intellectual capital must be take into account (Chen, Cheng & Yu, 2005). Intellectual capital is intangible as well as defined by Frykman & Tolleryd (2010); intellectual capital as all non-financial assets which is not reflected in the balance sheet. The similar perspective come from Bayburina & Golovko (2009), who stated that intellectual capital is the intangible safety cushion, it can be used by companies who have created it before. In best practice, IC was demonstrated its contribution to a firm's competitiveness, innovativeness, financial, and non-financial performance (Carlucci et al. 2004; Hsu and Fang 2009; Kang and Snell 2009; Kong and Thomson 2009; Longo et al. 2009; Phusavat et al. 2011; Sharabati et al. 2010; Shih et al. 2007; Shih et al. 2010; Yang and Lin 2009; Youndt et al. 2004). Although, IC has no universal definition and effect relationship with value creation (Tawy & Tollington, 2012), but for sure IC might have been hold important role in enterpriseoperation. Also, IC indirectly is a measuring instrument of enterprise operation efficiency value added; through Value Added Intellectual Coefficient (VAIC) (Pulic, 2000). In this paper IC indicators instead of human capital efficiency (HCE), structural capital efficiency (SCE) and capital employed efficiency (CEE).

1.1.3 Firm Policy

Both ratios of Leverage and dividend payout are focused in this paper for analyzing firm policy, which is mostly defined as action taken by management in corporate level to achieve corporate targets. By the targets, firm has taken smart policy in financial leverage for balancing, which is plays role to maximizing return for shareholders (Gill and Obradovich, 2012). In this paper financial leverage will be represented by Debt Equity Ratio (DER) and Dividend Pay Out Ratio (DPR), since both ratios are worthies for firm value measurement. Means management policy concerning of DER (leverage) and DPR have relationship and impact on firm performance. Ehikioya (2009), Topal and Dogan (2014), find that firm performance is affected by leverage. Alhassan et al., (2015) research has contradict outcome, who find leverage has no significant relationship with firm performance in ROA. Uwuigbe et al., (2012), Yegon et al. (2014), Al-Baidhani (2008) finding, that dividend payout has significant impact on firm performance and value; since dividend payout is executed base on firm financial stability and at the other end firm's share earnings is raising by firm's financial performance. In Sri Lanka, Velnampy et al., (2014) have different finding, that dividend payout has no relationship with firm's performance.

1.1.4 Firm Performance

In business practice, firm performance measured by bottom line of business financial operation. In this paper, firm performance is dependent variable; which is measured by Return on Assets (ROA) based on Tobin's Q theory. Several studies of firm performance have been done base on Tobin's Q (Zeitun&Tian, 2007). On cross countries studies have examined that firm performance also affected by corporate governance mechanisms (Garg, 2007; Kang and Snell, 2007; Rose, 2007; Sheridan & Milgate, 2005; Belkaoui, 2003), research on United State firms; suggested significant positive relationship between intellectual capital and firm performance. But the research finding is extremely difference in South Africa, which is suggested by Firer and Williams (2003); their investigation result is no significant relationship between Value Added Intellectual Coefficient (VAICe) and firm performance.

1.1.5 Firm Value

Masulis (1988), firm's value is increase is by leverage policy, which is encouraging firm's stock price. Then, for maximizing firm's value, Gitman (2009) suggested to minimizing cost of capital. In theoretical firm values measured by using Tobin's Q ratio, which is defined as the market value of assets (the market value of equity + book value of assets – book value of equity – balance sheet deferred taxes) divided by the book value of assets. All components in Tobin's Q ratio are a reflection of firm management's performances. Hence, Good management of intellectual resources can increase the market firm's value and encourages high Price to higher earnings ratio.that an increase in intellectual capital should increase the value of the company (Berzkalne and Zelgalve, 2013).

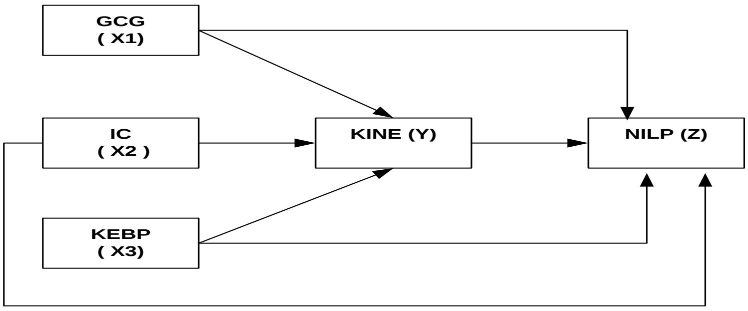
1.2 Objective of the Study

To find out whether the management functions in corporate governance, intellectual capital, firm policy have impact on bank performance and bank value.

METHODOLOGY

This section discusses the methodology uses in this paper, which is related to the choice of research design and strategies, model specification, data requirements and sources, the nature and scope of data collected, the data processing technique and the theoretical significance of parameter estimate are discussed. The frame work of analysis is shown on figure 1

Figure 1
Frame work of Analysis



Note:

GCG = Good Corporate Governance
IC = Intellectual Capital
KEBP = Firm Policy
KINE = Firm Performance
NILP = Firm value

2.1 Research Design

The study approach and style of this research are both empirical and analytical in nature of the Indonesian Commercial Banking, which has been listed on BEI (Indonesia Stock Exchange). It employs annual time series empirical data spanning from the year of 2010 to 2015 and cross-section data of 24 sampling commercial banks. All data provided in panel data and runeconometric regression analyses by employed Seemingly Uncorrelated Regression (SUR) cross section weight. The methods were employed to identify the impact of GCG, IC and firm's policy on firm's performance and firm's value. The study uses empirical research design approach for the data analysis by approaching combines of theoreticalconsideration (prior criteria) with the empirical available data approriately. Secondary data were used, such as banks annual statements, journals, bank related regulation published materials and any other secondary data sources.

2.2 Data Collection

The study is based on financial data collected from the financial statements of 24 Commercial Banks listed in BEI (Indonesian Stock Exchange). The analysis is based on six years of data (2010–2015). Population of this study is theIndonesian commercial banking sector, which has been listed on BEI (Indonesian Stock Exchange) and still active on the year 2015. Purposive sampling method is used to obtain research object that will represent the population. The selection sample criteria required is all variables available for all seven years analyzed, CAR complied with central bank regulation, still listed in BEI on 2015.

Companies that failed to meet those requirement were not considered be this paper. The data set is quantitative data performance in balanced panel consisting of 11 cross section data for the 24 commercial banks, and 10 time series data spanning from the year on 2010 until the year on 2015**.** The data is collected form banks annual report and Bank Indonesia (Indonesian Central Bank), then process by software EViews 6.

2.3 Research Hypothesis

Referring to the descriptions of literature review, this paper consider the following hypothesis for present research:

- **H1:** Corporate governance positively impact on firm performance
- **H2:** Intellectual capital positively impact on firm performance
- **H3:** Firm policy positively impact on firm performance
- **H4:** Corporate governance, Intellectual capital, and Firm policy simultaneously have positive impact on firm performance
- **H5:** Corporate governance positively impact on firm value
- **H6:** Intellectual capital positively impact on firm value
- **H7:** Firm policy positively impact on firm value
- **H8:** Firm performance positively impact on firm value
- **H9:** Corporate governance, Intellectual capital, Firm policy and Firm performance, Simultaneously have positive impact on firm value

2.4 Research model & Findings

In this section, regression models are build for hypotheses testing. Here we have 3 models, for examining 2 dependent variables which are firm performance and firm value.

a) Empirical Model 1; Examining Firm Performance

$$\mathbf{ROA_{it} = \beta_o + \beta_1 DIREK_{it} + \beta_2 KOMISit + \beta_3 RKOMIN_{it} + \beta_4 AUDIT_{it} + \beta_5 KMAN_{it} + \beta_6 KINS_{it} + \beta_7 HCE_{it} + \beta_8 SCE_{it} + \beta_9 CEE_{it} + \beta_{10} LEVE_{it} + \beta_{11} DPR_{it}}$$

Where $ROA_{i,t}$ is performance of bank i, year t represented by return on asset; $DIREK_{it}$ is number of director of bank i, year t; $KOMIS_{it}$ is number of commissioner of bank I year t; $KOMIN_{it}$ is percentage of independence commissioner of total board members commissioner of bank i year t; $AUDIT_{it}$ is number of audit committee members of bank i year t; $KMAN_{it}$ is firm ownership by management of bank i year t; $KINS_{it}$ is firm ownership by institution of bank i year t; HCE_{it} is human capital efficiency of bank i year t, SCE_{it} is structural capital efficiency of bank i year t ; CEE_{it} is capital employed efficiency of bank i year t,; $LEVE_{it}$ is debt equity ratio of bank i year t; DPR_{it} is dividend payout ratio of bank i year t; i is consist of 24 banks listed in BEI; t is the year on 2010 until 2015.

Both t – test (partial test) and F test (simultaneous test) have been run on the empirical model 1, in which the result is that model 1 preferred Fixed Effect Model (FEM) regression model of panel data with seemingly uncorrelated regression (SUR) estimator, process by Eviews, the final result of model 1 is shown on table 1:

Table – 1: *Summary of t-Statistic Test Model 1*

Variable	t-Statistic	Prob.	Ho	Remarks
C	2.130254	0.0354	declined	significant
DIREK?	1.058790	0.2920	accepted	insignificant
KOMIS?	0.334385	0.7387	accepted	insignificant
RKOMIN?	-0.370720	0.7116	accepted	insignificant
AUDIT?	0.856019	0.3939	accepted	insignificant
KMAN?	1.675885	0.0966	declined	significant
KINS?	0.840904	0.4022	declined	insignificant
HCE?	-2.109119	0.0372	declined	significant
SCE?	1.102827	0.2725	accepted	insignificant
CEE?	8.476637	0.0000	declined	significant
LEVE?	-5.612633	0.0000	declined	significant
DPR?	4.860992	0.0000	declined	significant

The result of the empirical model 1 is:

$$\mathbf{ROA_{i.t} = 0{,}7598 + 0{,}0089KMAN_{i,t} - 0{,}1519HCE_{i,t} + 3{,}7597CEE_{i,t} - 0{,}0924\ LEVE_{i,t} + 0{,}0092\ DPR_{i,t} + \varepsilon_{i,t}}$$

b) Empirical Model 2; Examining Firm Value

$$\mathbf{PBV_{it} = \beta_o + \beta_1DIREK_{it} + \beta_2KOMISit + \beta_3RKOMIN_{it} + \beta_4AUDIT_{it} + \beta_5KMAN_{it} + \beta_6KINS_{it} + \beta_7HCE_{it} + \beta_8SCE_{it} + \beta_9CEE_{it} + \beta_{10}LEVE_{it} + \beta_{11}DPR_{it} + \beta_{12}ROA_{it}}$$

Where $PBV_{i,t}$ is value of bank i, year t represented by stock's price to book value; $DIREK_{it}$ is number of director of bank i, year t; $KOMIS_{it}$ is number of commissioner of bank I year t; $KOMIN_{it}$ is percentage of independence commissioner of total board members commissioner of bank i year t; $AUDIT_{it}$ is number of audit committee members of bank i year t; $KMAN_{it}$ is firm ownership by management of bank i year t; $KINS_{it}$ is firm ownership by institutionof bank i year t; HCE_{it} is human capital efficiency of bank i year t, SCE_{it} is structural capital efficiency of bank i year t; CEE_{it} is capital employed efficiency of bank i year t,; $LEVE_{it}$ is debt equity ratio of bank i year t; DPR_{it} is dividend payout ratio of bank i year t; $ROA_{i,t}$ is performance of bank i, year t represented by return on asset; i is consist of 24 banks listed in BEI; t is the year on 2010 until 2015.

Both t-test (partial test) and F test (simultaneous test) have been run on the empirical model 2, in which the result is that model 2 preferred fixed effect model (FEM) regression model of panel data with seemingly uncorrelated regression (SUR) estimator, process by Eviews, the final result of model 2 is shown on table 2:

Table – 2: *Summary of t-Statistic Test Model 2*

Variabel	t-Statistic	Prob.	Ho	Remarks
C	4.381754	0.0000	declined	significant
DIREK?	-2.703390	0.0080	declined	significant

KOMIS?	0.370074	0.7121	accepted	insignificant
RKOMIN?	-0.192893	0.8474	accepted	insignificant
AUDIT?	-2.474416	0.0149	declined	significant
KMAN?	0.007895	0.9937	accepted	insignificant
KINS?	-0.041502	0.9670	accepted	insignificant
HCE?	-5.010127	0.0000	declined	significant
SCE?	-4.630218	0.0000	declined	significant
CEE?	6.851410	0.0000	declined	significant
LEVE?	-2.420530	0.0172	declined	significant
DPR?	-0.710735	0.4788	accepted	insignificant
ROA?	0.246796	0.8055	accepted	insignificant

The result of the empirical model 2 is:

$$\mathbf{PBV_{i,t} = 4{,}1275 - 0{,}1483DIREK_{i,t} - 0{,}1269AUDIT_{i,t} - 0{,}4233HCE_{i,t} - 0{,}6764SCE_{i,t} + 6{,}2836\ CEE_{i,t} - 0{,}0538\ LEVE_{i,t} + \varepsilon_{i,t}}$$

c) Empirical Model 3; Examining Firm Value

$$\mathbf{PBV_{it} = \beta_o + \beta_1 ROA_{it}}$$

Where $PBV_{i,t}$ is value of bank i, year t represented by stock's price to book value; $ROA_{i,t}$ is performance of bank i, year t represented by return on asset; i is consist of 24 banks listed in BEI; t is the year on 2010 until 2015.

Pooled least square regression has been run on the empirical model 3 by Eviews, which is the result is shown on table 3 :

Table – 3: *Output Modeling ROA to PBV*

Dependent Variable: PBV?				
Method: Pooled Least Squares				
Total pool (balanced) observations: 144				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.336329	0.588035	0.571954	0.5684
ROA?	1.644989	0.368013	4.469917	0.0000
	Effects Specification			
R-squared	0.615409			
Adjusted R-squared	**0.537845**			
S.E. of regression	3.657819			
Sum squared resid	1592.177			
Log likelihood	-377.3463			

F-statistic	7.934161	
Prob (F-statistic)	**0.000000**	

The result of the empirical model 3 is :

$$PBV_{i.t} = 0,33633 + 1.644989ROA_{i,t}$$

The regression results are strong evidences on the association between GCG, IC, Firm policy, Firm performance and Firm value.The findings are:

1) Firm ownership by management, human capital efficiency, and capital employed efficiency, leverage and devidend pay out are statistically proven to have significantimpacts on firm performance. Particularly, capital employed efficiency impacted the level of firm performance most positively, and human capital efficiency has the highest negative impact on the level of firm performance.
2) Number of director in board, number of auditor, human capital efficiency, structural capital efficiency, capital employed efficiency and leverage are statistically proven to have significant impacts on firm performance. Particularly, capital employed efficiency impacted the level of firm performance most positively, and structural capital efficiency has the highest negative impact on the level of firm performance.
3) Firm performance is statistically proven to have positively significantimpacts on firm value.

DISCUSSION OF FINDINGS

Based on the statistical result, these findings have been confirmed, that:

3.1 H1: Corporate governance positively impact on firm performance

GCG indicators are confirmed has impact on firm performance, even though several indicators are insignificant; such as number of director, number of commissioner, ratio of independence commissioner, number of auditor, firm ownership by institution. The significant relationship variables on banking performance are showing thatfirm ownership by management,coefficient +0,0089has positive relationship on bank performance, which isexplained thatthe growth of management ownership in bankwill raise firm performance; thus increasing ownership by management enhance solid and good team work to pursue bank achievement, at eventually bank performance will be raised up.Also, the similar finding in prior empirical study have been suggested by Simoneti and Gregoric (2004), Gugong et al., (2014), Coles (2002), Ruan (2009), Cho (1998), then Mueller and Spitz (2002) find that over 80% ownership by management affected firm performance negatively. And in other research has conversely finding by Julian F, Gerard G, Russel V, (2008),Bos et al., (2011).

The Insignificant impact of director on firm performance in this paper is inline as suggested by the research of Romano et al. (2012), Bayrakdaroglu et al. (2012). Contrary findings by Rouf, (2011), Hapsoro (2008), Johl et al., (2015), Topal and Dogan (2014) confirmed that number of director has positive impact on firm performance. Ehikioya (2009), Tertius and Christiawan (2015), Al-Amameh (2014), Jacking and Johl (2009), Isshaq et al. (2009); their finding claimed that commissioner has impact on firm performance.

3.2 H2: Intellectual capital positively impact on firm performance

Human capital efficiency and capital employed efficiency both are Intellectual capital indicators are confirmed has impact on firm performance, even though remain indicator structural capital efficiency is insignificant. The significant relationship variables on bank performance are showing thatHCE, coefficient– 0,1519 hasnegative relationship on bank performance, which is explained that additionalof human capital efficiency has incurring bank performance drop; sincethe additional affected increasing in compensation pay out, which is not followed by increasing of bank productivity. Capital employed efficiency, coefficient +3,759has positive relationship on firm performance, which is explained that additional of capital in bank will raise firm performance; which capital employed is comprised of firm internal and external resources. In the research has been done by Kamal et al., (2012), Shamsudin and Yian (2013), Berzkalne and Zelgalve (2014) suggested Structure Capital Efficiency (SCE) and Capital Employed (CEE) have significant impact on return on assets (ROA) and return on equity (ROE).

3.3 H3: Firm policy positively impact on firm performance

Leverage and dividend payout both are firm policy capital indicators are confirmed has impact on firm performance. Both variables have significant relationship on bank performance, which are showing thatleverage, coefficient– 0,0924hasnegative relationship on bank performance, which is explained that additional of leverage has incurring bank performance drop; sincethe additional affected increase on bank interest and bank expenses, eventually indirectly decrease firm's financial bottom line. Sudiyatno and Puspitasari (2010), Ehikioya (2009), Ojo (2012) has similar suggestion. There are different findings fromAlhassan et al. (2015) and Raza (2013),whose suggested that both leverage and dividend payout unrelated with bank performance. Dividend payout, coefficient + 0,0092has positive relationship on firm performance, which is explained that additional of dividend payout in bank will motivate bank operational to absorb more business sources which impact on firm performance and raising firm stock price (Mardiyati, et al, 2012).Brigham and Weston (2005), Amidu (2007) in Ghana, Murekefu and Ouma (2013) in Kenya, Uwuigbe et al., (2012), Seyedkkhosroshahi et al., (2013), Ajanthan (2013); Priya and Nimalathasan (2013), Hashemijoo et al., (2012), Adediran S. A. and Alade S. O. (2013); in their research explained that dividend payout have relationship with firm performance. Cons finding is shown in research of Velnampy et al., (2014), there is no correlation between dividend payout with firm performance.

3.4 H4: Corporate governance, Intellectual capital, and Firm policy simultaneously have positive impact on firm performance

GCG, Intellectual capital and firm policy are confirmed haveSimultaneousimpact on firm performance, which have been proven through statistical F-test (see table 4)

Table – 4: *Estimation of Model 1*

Dependent Variable: ROA?		
Method: Pooled EGLS (Cross-section weights)		

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	**0.759767**	0.356656	2.130254	**0.0354**
DIREK?	0.026508	0.025036	1.058790	0.2920
KOMIS?	0.013679	0.040908	0.334385	0.7387
RKOMIN?	-0.154774	0.417496	-0.370720	0.7116
AUDIT?	0.033136	0.038710	0.856019	0.3939
KMAN?	**0.008876**	0.005296	1.675885	**0.0966**
KINS?	0.001852	0.002202	0.840904	0.4022
HCE?	**-0.151921**	0.072030	-2.109119	**0.0372**
SCE?	0.183623	0.166502	1.102827	0.2725
CEE?	**3.759683**	0.443535	8.476637	**0.0000**
LEVE?	**-0.092433**	0.016469	-5.612633	**0.0000**
DPR?	**0.009231**	0.001899	4.860992	**0.0000**
R-squared	**0.938018**			
Adjusted R-squared	**0.918684**			
S.E. of regression	0.502967			
F-statistic	48.51703			
Prob(F-statistic)	**0.000000**			

Based on statistical result in table 4, which is f-testprobability value is 0,0000 < than alpha 10%, means that simultaneously; Good Corporate Governance, Intellectual Capital and firm policy have impact on firm performance represented by ROA (Return on Asset) on 90% confidential level.

3.5 H5: Corporate governance positively impact on firm value

GCG indicators are confirmed has impact on firm value, even though several indicators are insignificant; such as number of commissioner, ratio of independence commissioner, firm share ownership by management, firm share ownership by managementinstitution. Two Indicators affecting on bank value are number of director and number of auditor, both has negative impact; the coefficient is -0,1483 and –0,1269 consecutively. Increasing on number of director will lead a slow decision making, and then create new conflict between individual target and board target (Durkheim, 1964); the bigger director board tend to have seriously collusion (Brickley and James,1987). Gill and Mathur (2011), Yermack (1996); Eisenberg, et al., (1998), Alonso, et al., (2005), Gil and Obradovich (2012) have similar finding that number of director is negatively impact on firm value. The contrary finding is explained by Nhan and Quy (2013), Bathula (2008), that number of director impact firm value positively.Increasing number of auditor hasnegative impact on firm value, which is explained that the additional auditor is not perform as expected; so affecting firm report apocryphal. The same suggestion is given by Arifin Suhadak,et al., (2012), Siahaan (2013), Ghabayen (2012). In research of Al-Matari et al., (2012), find that number of auditor has impact on firm value, and differ from Rouf (2011), who is claimed that number of auditor has no relationship with firm value.

3.6 H6: Intellectual capital positively impact on firm value

All intellectual capital indicators are confirmed haveimpact on firm value; consist of Human Capital Efficiency, Structure Capital Efficiency, and Capital Employed Efficiency.

Additional on human capital directly increase in firm salary spending, which is notsupported by increasing in productivity, coefficient of statistical test is -0,4233. This circumstances raise negative value of firm's return. Hussain et al., (2010) research suggest the same result, but different result in Maditinos et al., (2011) claimed that human capital efficiency is insignificant relationship with firm value in term of financial performance. Significant impact of intellectual capital on firm value positively is suggested by Berzkalne and Zelgalve (2014), Chen et al., (2005), Tam and Tan (2007), Putra (2012). Coefficient of Structural capital efficiency is -0,6764, it means that additional of Structure Capital have negative impact on banking firm value, since the change of capital structure not support higher firm productivity, then be firm extra financial burden; so finally negatively affect firm value. This paper result consistent with researches of Iranmahd et al., (2014). Contrary result by Berzkalne and Zelgalve (2014), Cigerand Topsakal (2015), Nuryaman (2015); suggested that intellectual capital positively have effect on firm value. Coefficient of statistical test of Capital Employed Efficiency is +6,2836, means additional of employed Capital increase banking firm value, since additional capital escalate positive imaging of banking firm value, in term of capital strength. Tsai et al., (2013), Berzkalne and Zelgalve (2014). This paper finding is cons with Hussain et al., (2010) finding.

3.7 H7: Firm policy positively impact on firm value

Leverage is firm policy indicator, which isconfirmed has impact on firm value, coefficient – 0,0538, means increasing of leverage leads to firm value decline; any additional of leverage creating firm's burden and affect on financial bottom line. Sari and Abundanti (2014), Sudiyatno et al., (2012),Wabwile et al., (2014) findings is similar with this paper result. Yuyetta (2008), Siahaan (2013), Sambora (2014) findings that leverage not associated with firm value. But Sudiyatno et al., (2012) research result claimed that financial leverage positively impact on firm value.

3.8 H8: Firm performance positively impact on firm value (266)

Return on Asset (ROA) is firm performance indicator, which is confirmed has impact on firm value, coefficient + 0,032969, means increasing of ratio of ROA cause increasing on firm value; any increasing in ROA has positive impact on firm value since the ratio reflected firm's capability to achieve target in financial, which is lead to good imaging of firm value (Gill and Obradovich, 2012; Tandelilin, 2001). Different result by Marangu and Jagongo (2014), claimed that fim's performance has negative impact on firm value.

3.9 H9: Corporate governance, Intellectual capital, Firm policy and Firm performance, Simultaneously have positive impact on firm value

GCG, Intellectual capital, firm policy and firm performance are confirmed have Simultaneous impact on firm value, which have been proven through statistical F-test (see table 5)

Table – 5: *Estimation of Model 2*

Dependent Variable: PBV?				
Method: Pooled EGLS (Cross-section weights)				
Cross-section SUR (PCSE) standard errors & covariance (d.f. corrected)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.127537	0.941983	4.381754	**0.0000**
DIREK?	-0.148280	0.054849	-2.703390	**0.0080**
KOMIS?	0.023587	0.063735	0.370074	0.7121
RKOMIN?	-0.118492	0.614292	-0.192893	0.8474
AUDIT?	-0.126880	0.051277	-2.474416	**0.0149**
KMAN?	0.000107	0.013498	0.007895	0.9937
KINS?	-0.000237	0.005709	-0.041502	0.9670
HCE?	-0.423347	0.084498	-5.010127	**0.0000**
SCE?	-0.676436	0.146092	-4.630218	**0.0000**
CEE?	6.283631	0.917130	6.851410	**0.0000**
LEVE?	-0.053833	0.022240	-2.420530	**0.0172**
DPR?	-0.002899	0.004079	-0.710735	0.4788
ROA?	0.032969	0.133588	0.246796	0.8055
R-squared	0.885881			
Adjusted R-squared	**0.848898**			
S.E. of regression	2.433164			
F-statistic	23.95378			
Prob(F-statistic)	**0.000000**			

Based on statistical result in table 5, which is f-testprobability value is 0,0000 < than alpha 10%, means that simultaneously; Good Corporate Governance, Intellectual Capital, firm policy and firm performance have impact on firm value represented by PBV (Price to Book Value) on 90% confidential level.

CONCLUSION

Overall empirical analysis on 3 models in this paper shown that the independent variables, which are instead of Good Corporate Governance, intellectual capital and firm policy have significant impact on Indonesian commercial banking performance, then commercial banking firm's value is effected by Good Corporate Governance, intellectual capital, firm policy and firm performance; and single factor of firm performance has significant impact on banking firm value. Generally, it can be concluded that management involvement factor in banking industry; in term of corporate governance and firm policy is required to be focus for sake of firm performance and firm value. Then the current study estimated models have provided evidence to support the notion those variation across commercial banks valueby mechanism of Good Corporate Governance, intellectual capital, firm policy and firm performance. The test result confirmed that independent variables indicators that comprise of number of director, number of commissioner, ratio of independent commissioner, number of auditor, firm ownwership by management, firm ownership by institution, human capital efficiency, srtucture capital efficiency, capital employed efficiency, firm leverage and devidend pay out ratio can create suitable impact toward maximizing bank performance and bank value.

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